

## **Chapter 95 - Federal Assistance Reporting**

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## 95.10

### Federal Assistance Reporting Policies and Procedures

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#### 95.10.10 Purpose and scope of the policies

95.10.10.a The federal Single Audit Act of 1984, most recently amended in 1996, establishes uniform requirements for audits of federal assistance and promotes the efficient and effective use of audit resources. In addition, the federal Office of Management and Budget (OMB) has published OMB Circular A-133 (revised June 27, 2003) further delineating requirements for single audits of federal assistance. Under the provisions of the Act and Circular A-133, Maine has exercised the option to obtain a statewide Single Audit to satisfy the single audit requirements for federal assistance received and administered by agencies and institutions of the State.

As part of this single audit process, the OSC coordinates with individual State agencies and institutions in compiling the necessary year end federal financial information required to complete the Circular A-133 mandated, annual, federal “Data Collection Form” and “Reporting Package.” The reporting package consists of a statewide Schedule of Expenditures of Federal Awards; the statewide Financial Statements; a Summary Schedule of Prior Audit Findings and a Summary Corrective Action Plan for Findings and Questioned Costs, all compiled by OSC, and specified reports compiled by the Auditor. OSC uses the SEFA forms described in Subsection 95.10.30 to collect information on the expenditure of awards of federal assistance by individual State agencies and institutions for the State fiscal year. Detailed instructions for completing the forms are provided in Section 95.20

95.10.10.b For the purposes of this Chapter, federal financial assistance shall be all assistance received, directly or indirectly, from a federal agency in the form of grants, contracts, cooperative agreements, donated surplus property, donated inventories, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations or other assistance. It shall not include reimbursements for vendor services provided federal agencies or reimbursements for services rendered to individuals as described in OMB Circular A-133, § \_\_\_.205(h) and § \_\_\_.205(i).

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## 95.10.20      **Applicability**

This Chapter is applicable and binding on all agencies of the State of Maine receiving, administering or expending federal assistance, unless otherwise exempted by federal or State law.

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to Subsection 1.10.40 for information on how to request a waiver.

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## 95.10.30      **Federal assistance has five reporting elements**

For reporting purposes, the State of Maine has divided federal assistance into five reporting elements:

1. **Exhibit 1 – Department Identification** that facilitates the reporting of agency contact information and whether or not the agency received any federal financial assistance.
2. **Exhibit 2 – Schedule of Expenditures of Federal Awards** that provides for the reporting of expenditures of federal awards, including: the agency providing the federal award, the official federal program title, the type of expenditure, the amount expended, and a reconciliation of reported expenditures to MFASIS.
3. **Exhibit 3 – Schedule of Expenditures of Federal Awards – Footnote Worksheet** that is used to report significant accounting policies used to prepare the schedule, insurance in effect at year end, commodity program inventory balances at year end, loan and loan guarantee activity during the fiscal year, along with loan and loan guarantee balances at year end.
4. **Exhibit 4 – Letter of Representation to the Controller’s Office** that confirms the agency head and chief financial officer certify to the best of their knowledge that the agency and the federal disclosure information comply with eleven specific stipulations.
5. **Exhibit 5 – Status of Prior Audit Findings and Corrective Action Plan** that provides the current status of previously reported audit findings until such findings are corrected.

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**95.10.40 Agency reporting requirements**

- 95.10.40.a Each State agency or institution that expends awards of federal assistance during a State fiscal year must complete SEFA Exhibit forms provided by OSC's Financial Reporting and Analysis Division. To meet federal reporting requirements, agencies must report all federal assistance received, disbursed, and/or on hand and must complete the "Department Identification," "Letter of Representation," and "Status of Prior Audit Findings." The cutoff deadline date for completing SEFA Exhibit forms is September 1.
- 95.10.40.b Amounts reported as expenditures of federal awards should reconcile with amounts reported in MFASIS.
- 95.10.40.c All federal assistance, including direct, nonmonetary, pass-through and transfer assistance is to be reported at the individual federal program and identified by Catalog of Federal Domestic Assistance (CFDA) number. In the absence of a CFDA program number, the last three digits of the CFDA number should be nines (XX.999).
- 95.10.40.d If adjustments are necessary subsequent to submission of SEFA Exhibit forms that affect federal expenditures, the agency is required to submit corrected disclosure forms.
- 95.10.40.e Agencies and institutions are required to provide a federal universal grant identifier number for their agency. This number, commonly referred to as a DUN's (Data Universal Numbering System) number, is available from Dun and Bradstreet. The universal grant identifier number is a single or master DUN's number selected for use by an agency or institution. It is federally required on all federal grant applications and federal expenditure reporting.
- The DUN's number will be reported to the federal government in a statewide listing of DUN's numbers with no attempt made to correlate individual DUN's numbers with specific CFDA programs.

## 95.20

# Federal Assistance Reporting Instructions

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### 95.20.05 Introduction

- 95.20.05.a Federal expenditure reporting allows for the preparation of the annual State of Maine Schedule of Expenditures of Federal Awards by the OSC. All agency reporting is to be via SEFA Exhibit forms prescribed and provided by OSC. Instructions for completing the Exhibits will be provided by OSC at the close of each fiscal year.
- 95.20.05.b The Exhibits and instructions incorporate federal requirements contained in OMB Circular A-133, as last revised June 27, 2003, and its most recent Appendix B, *Compliance Supplement*.
- 95.20.05.c The Exhibit forms provide:
- A standardized means for compiling, verifying and reconciling current year federal assistance information.
  - Auditable, documented support for creating and providing reports (electronic or paper).
  - A comprehensive means for incorporating agency federal assistance information into a consolidated Schedule of Expenditures of Federal Awards for the State of Maine.
  - Certification from the agency head and the chief financial officer that, to the best of their knowledge, the agency and the federal assistance disclosure information submitted by their agency complied with all federal assistance stipulations.

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### 95.20.06 General instructions

- 95.20.06.a All reporting of financial information is to be to the **whole dollar**.
- 95.20.06.b All financial information reported is to be reconciled to MFASIS, and a copy of the reconciliation provided to OSC. Agencies are encouraged to reconcile federal reports to MFASIS throughout the year to facilitate reconciling SEFA submissions at year-end.

- 95.20.06.c If you require a clarification of the instructions or have other questions about federal assistance reporting in general, contact the Financial Reporting and Analysis Division of OSC, attention: April Newman.
- 95.20.06.d Each agency shall submit one original copy of all required SEFA Exhibit forms and any required reconciliations/explanations and retain copies of all supporting documentation for the State Auditor.

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## **95.20.10 Exhibit 1 – Department Identification**

The Department Identification Exhibit serves two major purposes:

1. To identify critical, agency reporting elements:
  - a. Agency name and number
  - b. Responsible official's contact information
  - c. Preparer's contact information
2. To determine whether the agency received federal financial assistance for the fiscal year.

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## **95.20.20 Exhibit 2 – Schedule of Expenditures of Federal Awards**

### **95.20.20.a Use of Form**

This form is used to report federal financial assistance expended. This would encompass the majority of the federal financial assistance received by the State of Maine. Additionally, the form is used to reconcile reported amounts to financial information recorded in MFASIS.

Financial information is tabulated and summarized by federal grantor agency and catalog number. A single amount by CFDA program is required unless the absence of a CFDA program number convention is applied (refer to Subsection 95.10.40.c). Agencies are also required to report that portion of expenditures passed through to subrecipients or subgrantees.

**Instructions and Definitions****Column****Heading****Instructions**DUN's  
Number

Enter unique nine-digit Data Universal Numbering System (DUN's) number. This number is required for all contracts/grants submitted on or after October 1, 2003, and must be reported for each program that expends federal awards beginning in FY 2004.

Federal  
CFDA  
Number

Enter five-digit code for federal assistance program. This number is supposed to be listed in your grant award document. It can also be found in the Catalog of Federal Domestic Assistance (online at <http://12.46.245.173/cfda/cfda.html>). Refer to Subsection 95.10.40.c to determine when CFDA numbers XX.999 are to be entered. If no CFDA number is available, the federal agency code and contract or grant number must be listed. If a CFDA number has changed during the year and expenditures were made under both old and new CFDA numbers, report each separately.

Federal  
Agency  
Name

Name of the federal agency granting or awarding the federal financial assistance.

Official  
Federal  
(CFDA)  
Program  
Title

Official title of the federal program providing the federal financial assistance as stated in the Catalog of Federal Domestic Assistance or title provided in program/grant documents when programs are not listed in the catalog. Do not use acronyms or abbreviations.

Expend.  
Type

**D** – Direct – Expenditure of awards received directly from federal grantors. Do not include amounts transferred to other State agencies.

**N** – Nonmonetary – Includes commodities, property, loans and loan guarantees, food stamps, and vaccines.

**P** – Pass-through – Expenditures of awards received from another State agency only.

**T** – Transfer - Expenditures of awards received from federal grantors, paid to another State agency only. Include amounts your agency draws down for deposit into another State agency's account, and amounts transferred to the Department of Audit under revenue source code 2937.

State Agency Number	MFASIS agency number of the reporting agency.
Program/Grant (Award) Expend.	Amount of federal dollars expended (or properly accrued) in the federal assistance program for the State fiscal year. Includes both direct expenditures and agency indirect expenditures (as a result of federally approved indirect rate cost pool or cost allocation plan). <b><u>Record amounts in whole dollars.</u></b>
Pass-through/Transfer Agency	For expenditure type "P," list the State agency that provided the pass-through award. For expenditure type "T," list the State agency to which you transferred funds.

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## 95.20.30 **Exhibit 3 – Schedule of Expenditures of Federal Awards Footnote Worksheet (Federal Nonfinancial Assistance)**

95.20.30.a

### **Use of Form**

Maine receives federal nonfinancial assistance in the form of donated inventories (for example food commodities and disease immunization supplies), food stamps, and surplus property. Use Exhibit 2 to report federal nonfinancial assistance received directly from a federal agency or indirectly from a custodial State agency.

State agencies with federal nonfinancial programs use this form to report the expenditure or usage of this assistance by federal catalog number for the fiscal year ended June 30.

95.20.30.b

### **Significant Accounting Policies**

Typically, the SEFA worksheets should be prepared using the cash basis of accounting, that is, when disbursements are made. However, there are times when federal programs require expenditures to be reported on the modified accrual or accrual basis of accounting (e.g., when funds are obligated or when liabilities are incurred). Use this form to describe the basis on which expenditures of federal awards are reported in the SEFA worksheets.

95.20.30.c

### **Federal Nonfinancial Assistance Inventory Balances**

Use this form to report the dollar value of year-end nonfinancial assistance



inventory balances for commodities programs (e.g., food inventories, food stamps, and vaccines). The reported inventory balance amounts should be recorded as assets with corresponding deferred revenues on MFASIS at year-end.

95.20.30.d

### **Federal Loan Activity and Balances**

Use this form to report loan issuance activity and loan balances for the fiscal year ended June 30. These loan activity amounts or balances provide a measurement of audit risk for the federal assistance loan or loan guarantee programs.

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## **95.20.40**

## **Exhibit 4 – Agency Letter of Representation**

95.20.40.a

All agencies receiving federal assistance are required to complete the *Letter of Representation* from the Agency to the Office of the State Controller. The agency head and the chief financial officer are to certify, to the best of their knowledge, that the agency and the SEFA Exhibit forms submitted by their agency comply with the following stipulations:

95.20.40.a.(1)

The agency is responsible for the fair presentation of the expenditures in conformity with and in compliance with rules and regulations of the Office of Management & Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

95.20.40.a.(2)

The financial records and data related to the SEFA are available for review by the State Auditor.

95.20.40.a.(3)

The agency has identified and reported all expenditures, direct or indirect, financial or nonfinancial made during the report period for all assistance provided by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, or direct appropriations.

95.20.40.a.(4)

The agency has identified the requirements governing political activity, the Davis-Bacon Act, civil rights, cash management, relocation assistance and real property management, federal financial reports, allowable costs/cost principles, drug-free workplace and administrative requirements over federal financial assistance.

95.20.40.a.(5)

The agency has identified the requirements governing types of services allowed or disallowed; eligibility; matching, level of effort, or earmarking; reporting; special provisions; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to its major

federal financial assistance programs, which are identified in the SEFA.

- 95.20.40.a.(6) The agency has ensured that information presented in federal financial reports and claims for advances and reimbursements is supported by the books and records from which the basic financial statements have been prepared.
- 95.20.40.a.(7) The agency has ensured that amounts claimed or used for matching were determined in accordance with applicable federal cost principles and administrative requirements.
- 95.20.40.a.(8) The agency has monitored subrecipients to determine that the subrecipients expended financial assistance in accordance with applicable laws and regulations.
- 95.20.40.a.(9) The agency has taken appropriate corrective action on a timely basis after receipt of subrecipients' audit reports that identify noncompliance with federal laws and regulations.
- 95.20.40.a.(10) The agency has considered the results of subrecipients' audits and made any necessary adjustments to the agency's own books and records.
- 95.20.40.a.(11) The agency has identified and disclosed to the auditor all amounts questioned and known noncompliance with requirements that could have a material effect on a major federal financial assistance program.
- 95.20.40.b *Any exceptions to the above representations must be attached with a narrative detailing the variance(s) and any proposed or completed corrective actions.*

**Do not alter the language on the representation letter.**

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## **95.20.50**

### **Exhibit 5 – Status of Prior Audit Findings and Corrective Action Plan**

Agencies are responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the agency shall prepare a summary schedule of prior audit findings to be submitted (preferably electronically) to OSC by September 1. The summary schedule of prior year audit findings shall include the reference numbers the State Auditor assigns to audit findings. If you do not know the reference number, call your OSC liaison.

Since the summary schedule may include audit findings from multiple years, you should include the audit report fiscal year in which the finding was reported.

95.20.50.a

**Use of Form**

Exhibit 5 provides current status of previously reported audit findings until such findings are corrected, at which time they are dropped from the list. Agencies must report on the status of all prior audit findings included in the prior audit's schedule of findings and questioned costs.

95.20.50.b

**Required Information for Each Agency**

Contact information for responsible official.

Contact information for preparer.

Determination of whether any costs associated with any federal financial assistance were reported as disallowed or questioned.

Determination of whether any disallowed or questioned costs were not repaid as of June 30.

If any costs were questioned, disallowed or not repaid, identification of the following information:

- contract period
- amount disallowed or questioned
- status as of June 30 if not repaid
- person to contact for additional information.

Determination of whether the federal government terminated any financial assistance between July 1 and June 30.

If any assistance was terminated, identification of the following information:

- program number
- contract number
- amount of the termination claims or settlements receivable from or due to the federal government at June 30.

95.20.50.c

**Required Information for Each Finding**

Finding number.

Fiscal year of initial finding.

Description of prior audit finding.

Status of corrective action plan or reason for no further action according to the following instructions:

When audit findings were fully corrected, report that the described corrective action was taken.

When audit findings were not corrected or were only partially corrected, describe the planned corrective action to satisfy the finding, as well as any partial corrective action taken.

When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the federal agency's or pass-through entity's management decision, provide an explanation why the plan was changed.

When the agency believes the audit finding is no longer valid or does not warrant further action, describe the reason for this position. A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:

- Two years have passed since the audit report in which the finding occurred was submitted to the federal clearinghouse;
- The federal agency or pass-through entity is not currently following up with the agency on the audit finding; and
- A management decision was not issued.

Contact information for person responsible for corrective action.

Explanation of specific reason(s) for disagreement over an audit finding, if any disagreement exists.